

Message Text

SECRET

PAGE 01 TEGUCI 04468 01 OF 02 180230Z

64

ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 SSO-00 NSC-05 NSCE-00 INR-05

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EB-03 DRC-01 RSC-01 /046 W
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O 172351Z OCT 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC NIACT IMMEDIATE 8370

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA NIACT IMMEDIATE

AMEMBASSY SAN JOSE

RU SAL/AMEMBASSY SAN SALVADOR IMMEDIATE 3688

USCINCSM

S E C R E T SECTION 1 OF 2 TEGUCIGALPA 4468

LIMDIS

AMEMBASSY PANAMA PASS TO AMBASSADOR SANCHEZ, QUARTERS 16,
ALBROOK AFB, CANAL ZONE

USCINCSO FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, PINT, ES, HO

SUBJECT: GOH CABINET CRISIS

REF: TEGUCIGALPA 4449

BEGIN SUMMARY: THE LEADING NEWSPAPERS HAVE BEEN CARRYING
CONFLICTING AND INCORRECT STORIES ABOUT THE REASONS FOR THE
CABINET CRISIS. THE CHAIRMAN OF THE CENTRAL COMMITTEE OF
THE NATIONALIST PARTY TOLD POLOFF ON OCTOBER 17 THAT THE
INEFFICIENT HANDLING OF DISASTER RELIEF SUPPLIES BY THE
GOH AND THE PRESENT MINISTERIAL CRISIS CAN BE EXPLAINED BY
THE INCOMPETENT AND UNCONSTITUTIONAL NATURE OF THE

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PAGE 02 TEGUCI 04468 01 OF 02 180230Z

PRESENT REGIME. THE POLITICAL PARTIES AND THE PRIVATE

SECTOR ARE PLEASED BY THE PRESENT CRISIS AND LOOK UPON IT AS AN OPPORTUNITY TO WEAKEN THE REGIME. THERE IS NO QUESTION THAT THE SITUATION WILL RESULT IN A PROLIFERATION OF COUP STORIES AND SPECULATION ABOUT THE FORMATION OF A NEW GOVERNMENT. END SUMMARY.

1. THREE HONDURAN NEWSPAPERS CARRIED STORIES ON OCTOBER 17 RELATING TO RUMORS OF THE RESIGNATIONS OF CABINET MEMBERS. TEGUCIGALPA'S EL CHRONISTA REPORTED RUMORS THAT FONMIN BATRES HAD RESIGNED AND SPECULATED THAT THE RESIGNATION WAS DUE TO ONE OF THREE CAUSES: (A) DIFFERENCES WITH OTHER MEMBERS OF THE CABINET; (B) DIFFERENCES WITH THE SUPERIOR DEFENSE COUNCIL OR; (C) PERSONAL REASONS.

2. LA PRENSA HEADLINED ITS FRONT PAGE WITH THE STATEMENT "LOPEZ ARELLANO ASKS FOR HIS CABINET'S RESIGNATION" AND DEVOTED THE LARGEST SHARE OF THE PAGE TO THE MINISTER'S PHOTOS. THE PAGE THREE NEWS ITEM CITES THE ASSOCIATED PRESS AS THE SOURCE OF INFORMATION AND SAYS THAT LOPEZ'S DECISION IS DUE TO THE GREAT DAMAGE CAUSED BY HURRICANE FIFI. THE NEWS STORY ALSO SAYS THAT THE NEW CABINET WILL BEGIN EFFORT TO LIBERALIZE THE ECONOMY AND BRING RENEWED ENERGIES TO BEAR ON THE COUNTRY'S ECONOMIC PROBLEMS. IN AN EDITORIAL IN THE SAME EDITION ENTITLED "THE REORGANIZATION OF THE CABINET: A STEP TOWARD RECONSTRUCTION", LA PRENSA CREDITS LONG TERM PRIVATE SECTOR OPPOSITION TO THE GOH'S TURN TO THE LEFT AS BEING THE CAUSE OF THE CABINET'S DISMISSAL. LA PRENSA APPLAUDS THE DIFFICULT DECISION OF LOPEZ AND SAYS THAT THE EARLIER LEFTIST POLICY CAN BE CORRECTED AND SHOULD INCLUDE "OPENING THE DOORS TO PRIVATE INVESTMENT, ENCOURAGE WORK ON ALL LEVELS, AND GIVE GUARANTEES TO PRIVATE ENTERPRISE."

3. TIEMPO HEADLINES READ "ARE LOPEZ'S MINISTERS RESIGNING?" TIEMPO'S PAGE THREE ARTICLE SAYS THAT A SERIOUS CRISIS HAS ARISEN BECAUSE THREE MINISTERS, FONMIN BATRES, MINECON BENNATON, AND LABMIN FONSECA HAD RESIGNED. TIEMPO THEN PROCEEDED TO PRINT THE SAME AP STORY THAT APPEARED IN AL PRENSA STATING THAT LOPEZ HAD REQUESTED THE RESIGNATION OF THE ENTIRE CABINET IN ORDER TO DEAL WITH GRAPX ECONOMIC
SECRET

SECRET

PAGE 03 TEGUCI 04468 01 OF 02 180230Z

PROBLEMS.

4. THERE HAS BEEN NO OFFICIAL GOH ANNOUNCEMENT IN REGARD TO CABINET RESIGNATIONS.

5. POLOFF VISITED TEGUCIGALPA OFFICE OF COHEP TO OBTAIN THE ORGANIZATION'S VIEWS ON CURRENT CABINET CRISES. COHEP SPOKESMAN HUMBERTO LEON SAID THAT IN SPITE OF ALL THE RUMORS ABOUT

RESIGNATIONS THE ONLY DEFINITE FACT WAS THAT FONMIN BATRES HAD RESIGNED. LEON ASCRIBED BATRES' RESIGNATION AND WHATEVER OTHER CABINET CHANGES ARE MADE TO PRESSURES FROM THE INTERNATIONAL FINANCIAL COMMUNITY, INCLUDING INTERNATIONAL AID ORGANIZATIONS. LEON'S VIEW IS THAT THE INTERNATIONAL FINANCIAL COMMUNITY IS VERY UNIMPRESSED WITH GOH PERFORMANCE UNDER THE LOPEZ GOVERNMENT AND THAT IT IS PARTICULARLY DISTRESSED AT THE FAILURE OF THE GOH TO IMPLEMENT ITS NATIONAL DEVELOPMENT PLAN. THEREFORE, THE CHANGE OF MINISTERS IS A QUID PRO QUO FOR THE FINANCIAL ORGANIZATIONS TO INSTITUTE A NEW AND LARGE COMMITMENT FOR ASSISTANCE TO RECOVER FROM THE HURRICANE DAMAGES. LEON ADMITS THAT THIS IS PURE ANALYSIS ON HIS PART AND THAT HE DOES NOT HAVE ANY HARD EVIDENCE TO SUPPORT THE VIEW. SHE AGREED THAT THERE IS DIVISION WITHIN THE CABINET BUT DISMISSED THIS AS ONLY A CONTRIBUTING FACTOR.

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PAGE 01 TEGUCI 04468 02 OF 02 180240Z

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INFO OCT-01 SS-14 ISO-00 SSO-00 NSC-05 NSCE-00 INR-05

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INFO AMEMBASSY GUATEMALA

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S E C R E T SECTION 2 OF 2 TEGUCIGALPA 4468

LIMDIS

AMEMBASSY PANAMA PASS TO AMBASSADOR SANCHEZ, QUARTERS 16,

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6. THE PRESIDENT OF THE CENTRAL COMMITTEE OF THE NATIONALIST PARTY, RAFAEL BARDALES BUESO, TOLD POLOFF ON OCTOBER 18 THAT JOINT DECLARATION OF LIBERAL AND NATIONALIST PARTIES (SEE TEGUCIGALPA 4419) WAS A NOTIFICATION TO THE GOVERNMENT THAT THE PARTIES ARE NOW UNITED IN THEIR DEMAND FOR A RETURN TO CONSTITUTIONALITY. HE SAID THAT LUIS DOGRAN FORTIN (A PROMINENT NATIONALIST LEADER AND BUSINESSMAN) HAD MET WITH GUATEMALAN VICE PRESIDENT MARIO SANDOVAL TWO WEEKS AGO. ACCORDING TO BARDALES, SANDOVAL HAD PROMISED CONCRETE AID (UNSPECIFIED) TO HELP THE OPPOSITION TO GET RID OF LOPEZ BECAUSE SANDOVAL CONSIDERS LOPEZ DANGEROUSLY LEFTISH AND A POSSIBLE FOCAL POINT OF INFECTION FOR THE REST OF CENTRAL AMERICA. BARDALES REMARKED THE GENERAL SOMOZA OF NICARAGUA
SECRET

SECRET

PAGE 02 TEGUCI 04468 02 OF 02 180240Z

HAD ALSO PROMISED SUPPORT TO THE OPPOSITION. HE COMMENTED THAT NATIONALIST STRONGMAN RICARDO ZUNIGA IS RETURNING TO HONDURAS ON OCTOBER 19 AND THAT FUTURE PARTY STRATEGY WOULD BE DEVELOPED AT THAT TIME.

7. BARDALES STATED THAT THE GOVERNMENT'S INEFFICIENT HANDLING OF DISASTER RELIEF SUPPLIES AND THE PRESENT MINISTERIAL CRISIS WERE THE RESULT OF A GOVERNMENT THAT IS BOTH INCOMPETENT AND UNCONSTITUTIONAL. HE EMPHASIZED THAT IT IS NECESSARY TO HAVE FREE ELECTIONS AND RETURN TO A CONSTITUTIONAL FORM OF GOVERNMENT AS SOON AS POSSIBLE. HE PREDICTED THAT A CONTINUATION OF THE PRESENT GOVERNMENT WOULD ONLY RESULT IN FURTHER FAILURES.

8. COMMENT: THE PRESS HAS BEEN REPORTING ON THE CURRENT CABINET CRISIS WITH A GENERAL LACK OF INSIGHT. IN THE CASE OF LONG TIME GOVERNMENT FOES LA NOTICIA AND LA PRENSA THIS CAN BE TAKEN AS A FORM OF EDITORIALIZING ON NEWS FORM. IN EFFECT THEY ARE USING THE CRISIS AS A PEG TO HELP BRING ABOUT A COMPLETE CHANGE IN THE CABINET AND A DOWNPLAYING OF REFORMIST MEASURES. HOWEVER, THE EMBASSY BELIEVES THAT THE CHAIN OF EVENTS LEADING TO THE CABINET CRISIS AS DESCRIBED BY MINLAB FONSECA TO POLOFFS ON OCTOBER 18 (SEE REFTEL) IS CORRECT.

9. THE POLITICAL PARTIES AND PRIVATE SECTOR ARE OBVIOUSLY PLEASED BY THE TURN OF EVENTS AND SEE THIS AS AN OPPORTUNITY TO ATTACK THE GOVERNMENT. THERE IS NO DOUBT THAT THE OPPOSITION WOULD LIKE TO SEE LOPEZ REMOVED AND A JUNTA ESTABLISHED WHICH WOULD PROMISE FREE ELECTIONS IN THE NEAR FUTURE. FOR THAT REASON THEY WILL BE DOING EVERYTHING IN THEIR POWER TO CONVINCE THE MILITARY LEADERSHIP THAT A CHANGE OF GOVERNMENT

IS NECESSARY. AT THE VERY LEAST, THIS ALREADY IS RESULTING IN
A GENERAL PROLIFERATION OF COUP STORIES AND SPECULATION ABOUT
THE FORMATION AND COMPOSITION OF POSSIBLE JUNTAS.
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